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ABSTRACT

The difficulties presently being faced by rural communities in the North Central Extension Region are well known. Many of these communities have economies which are closely tied to farming and therefore suffer economic hardship in direct relationship to those encountered by farmers. However, a dominant characteristic of communities in the region is their diversity, and the economic conditions of other communities in the region may be more closely tied to changes in the structure of American manufacturing, or the aging of the population, or the structural and physical isolation experienced by communities because of inadequate access to transportation and communication infrastructure. The revitalization of communities in the region will be primarily the responsibility of courageous, dedicated, and imaginative local leadership. As a part of the fabric of these rural communities, Cooperative Extension must be an integral part of this leadership. Cooperative Extension can offer assistance such as intrapreneurship tools, computerized impact analysis, leadership assistance services, networking of extension professionals working in economic development, public-private partnerships, and business development activities. (Author/JHZ)

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FOREWORD

Whether chronicled in the popular press or scholarly journals, the difficulties presently being faced by rural communities in the North Central Extension Region are well known. Many of these communities have economies which are closely tied to farming and therefore suffer economic hardship in direct relationship to those encountered by farmers. However, a dominant characteristic of communities in the region is their diversity, and the economic conditions of other communities in the region may be more closely related to changes in the structure of American manufacturing, or the aging of the population, or the structural and physical isolation experienced by inadequate access to transportation and communication infrastructure. This report outlines the characteristics of the region as a whole, speculates regarding probable futures for communities in the region, and opens for consideration some issues and programs for which Cooperative Extension can demonstrate leadership in responding to the situation. The report rejects the romantic notion that rural communities can be "restored" to some halcyonic state experienced in the past. Rather it recognizes that, while limitations do exist, the revitalization of communities will be primarily the responsibility of courageous, dedicated, and imaginative local leadership. As a part of the fabric of these rural communities, Cooperative Extension must be an integral part of this leadership.

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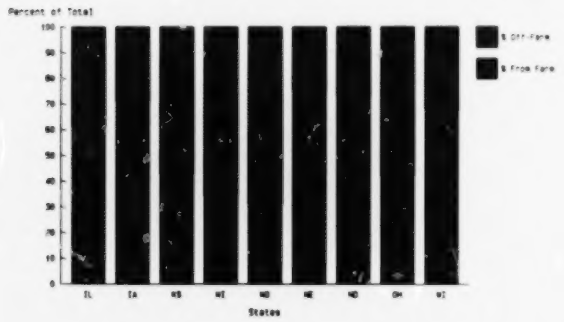
Rural Economic Revitalization: The Cooperative Extension Challenge In The North Central Region

Introduction

The economies of many rural communities are suffering from declines in agricultural income as well as from adjustments being made in the economy as a whole. The agricultural situation is especially important because agriculture is one of the basic economic accounts upon which local economies are built. It is responsible for the creation of income which is multiplied as it is spent in local economies. The fifty per cent decline in real farm income since 1981 has severely affected this local economic base, especially in the North Central region where over 370 counties depend on agriculture for 20% or more of their total labor and proprietor income annually.

Labor-saving developments in agriculture over the past several decades have provided opportunities for farm operators to take nonfarm jobs for additional income. This alternate income source has been a dependable one for farm families. From 1974 to 1979, off-farm income averaged 47% of total income for farm operators and their families; in 1983, due to severe difficulties during the farm season, off-farm income accounted for 72% of total farm family income (Figure 1). Inflation has also had its effect; today it is estimated that nearly half of all farm wives work off the farm to supplement farm incomes, even though average real incomes have declined since 1975.

Figure 1: Net Cash Income for Farms Selected States in the North Central Region

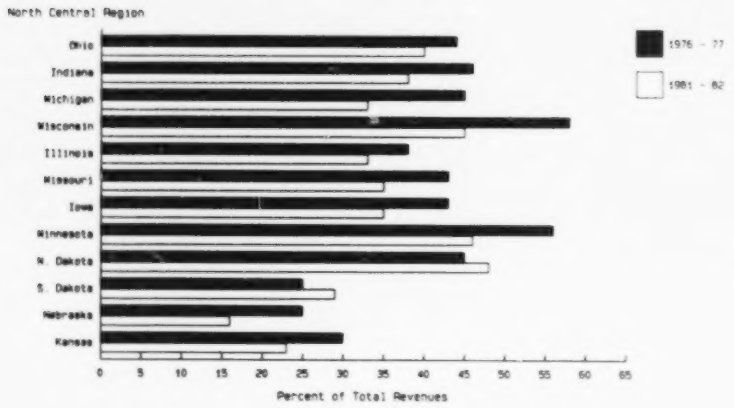


During the last two decades, many low-skill industries, like needle trades and consumer goods manufacturing, moved to rural communities in search of lower labor and operating costs (Hines, Petrulis, & Daberkow. "An Overview of the Nonmetro Economy and the Role of Agriculture in Nonmetro Development," 1986). When industry moved to rural areas, providing jobs, rural populations grew with the "population turnaround" noted in the late 1970s. From 1970 to 1980 rural and small town population grew at the rate of 15.8% (*Chartbook of Nonmetro-metro Trends*, USDA, 1984). Nonmetro employment grew at the average rate of 18% in the United States from 1973 to 1982. However, the states in the North Central Region don't appear to have received as much benefit from this growth as other regions as average off-farm incomes in the region are smaller than for other regions (Figure 2). Today some industries are closing, moving out of the country in search of ways to continue to reduce these same costs. These moves result in the loss of potential nonfarm income.

Figure 2: Off-Farm Income of Farm Families, 1984 by Farm Production Region (Avg. per Farm)

Considerable growth has been seen in the government (particularly, local government) and services sectors. During this period of economic and social change, however, local government revenue sources in the North Central region also became more dependent on state and federal revenue sources, except in Nebraska and Kansas (Chartbook of Nonmetro-Metro Trends, 1984). More recently, this trend has begun to change as many states have experienced revenue declines and the federal

Figure 3: Local Government Revenues from Federal and State Government Decline



Source: 1982, 1977 U.S. Census of Government

government has begun to eliminate, or reduce significantly, intergovernmental aid to local governments (Figure 3). Some states have even initiated revenue "ceilings" to prohibit rapid tax increases. The result is that today many local governments are faced with very limited revenue generation possibilities in response to decreasing state and federal aid.

Another important change in the economic base is the growth in the proportion of income rural residents derive from dividends, interest, and rent. In many rural communities now the majority of total personal income comes from this source and transfer payments. When local investment and retail spending opportunities are not available, these resources are exported from the community to be used elsewhere for economic growth.

Richard Louv, in his recent book *America II*, argues that the growth in rural populations is, in large part, the result of a persistent desire for more dispersed living patterns. Rural or small town living was "not so much a real residential goal as it is a symbol of safety, nature, community, family life, the past." Many other researchers have related such quality of life indicators to the growth in rural America. In fact, one study, rating metro and nonmetro areas by geographical region by comparing composite indexes of several quality of life indicators, found that nonmetro areas of the North Central Region were consistently above the national average (Ross, Bluestone, & Hines. *Indicators of Social Well-Being for U.S. Counties*, 1979).

For many people in rural America, especially in the North Central Region, the rural renaissance they anticipated when they moved from urban areas has become seriously tarnished. For those who saw agricultural prices and land values rise rapidly from 1973 to 1979, the tarnish has turned to corrosion. The root cause is economic but, just as roots cannot survive without stem and leaves, rural areas and their residents must deal with more than just economic factors to revitalize local communities. The rural revitalization in the north central United States will depend on creative approaches to increasing farm profitability, expanding the local economic base to provide opportunities for nonfarm income, and the enhancement of family and community support systems. Pragmatically, not all communities will benefit from revitalization efforts to the same degree. In some instances managing the transition may be the only realistic response to the situation. However, the goal is not a rural restoration to a previous condition inconsistent with the future, but a revitalization of communities in rural areas which provide the material, spiritual, and social support necessary.

Increasing the profitability of farm enterprises will help families whose income is primarily from farming. For the majority of farmers, however, additional nonfarm income is necessary, especially in the short term. For example, in many areas of the North Central Region, farm production is treated like raw material or extractable natural resources. That is, grain and livestock produced on the region's farms is exported to other states or overseas to be processed into food. This is particularly true for those states in the region west of the Mississippi River (Hines, Petrulis, and Daberkow. *An Overview of the Nonmetro Economy and the Role of Agriculture in Nonmetro Development*, n.d.). Firms which add value to these resources could also provide needed non-farm income for farm family members.

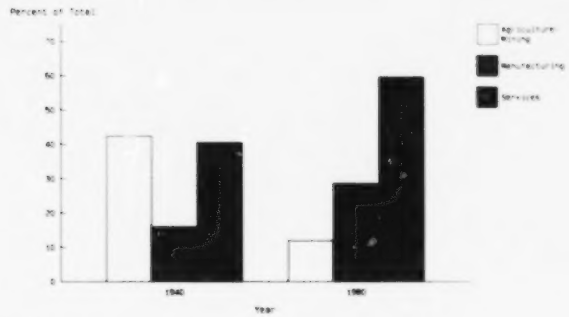
Agriculture is closely tied to the local community, as well as the national and international economic and political community. Revitalization strategies must be integrated approaches. Community economic development will assist in expanding the local economic base, but full revitalization will also require improved social networks and governance in local communities by the informed, skilled leadership of local residents.

Current Community Analysis

Detailed information regarding the current economic base of rural communities in the North Central region is not available. Aggregate information indicates that there has been a reduction of resource-based employment in nonmetro areas of the United States. From 1940 to 1980 resource-based employment in nonmetro areas declined from about 45% of total employment to about 10% of total employment (Hines, Petrulis & Daberkow, 1986) (Figure 4). Corresponding increases in employment have occurred in service and manufacturing employment during this period. Despite this general trend, there are nearly 700 counties in the United States which rely on farming for at least 20% of their labor and proprietor income, and 54% of these counties are in the North Central region. Of these North Central counties, about one-third rely on farming for about 50% of their total income. In addition, data show that in these counties the size of the service sector is about the same as for all nonmetro counties (Hines, Petrulis, and Daberkow, 1986).

Noting the general reduction of resource-based employment in the U.S. economy in nonmetro areas, the nature of the agricultural linkages, the general predominance of low-skilled employment opportunities in manufacturing, and the recent severe difficulties in farming, we can conclude that nonmetro communities generally possess a very fragile economy. This fragility directly affects the tax revenue base supporting the services that are considered essential to a high quality of life in nonmetro areas. Sales taxes and direct user fees are rapidly growing as sources of local government revenue. They are displacing the property tax in many rural areas (Figure 5). In Missouri, for example, between 1972 and 1982, local revenues from property taxes dropped 40% while those from sales taxes and direct charges increased 110% and 90% respectively (U.S. Dept. of Commerce, Bureau of Census).

Figure 4. Non-Metro Employment Change In the North Central Region

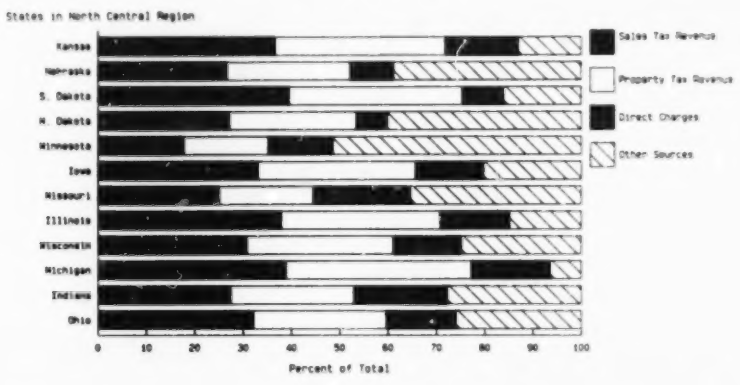


Source:
Hines, et al., ERS/USDA, no date

Beyond the direct effects of changes in employment and income for residents, and the indirect effects of decreased tax revenues for services, there are other social effects. Local school officials are increasingly reporting the "disappearance" of children from their schoolrooms as families displaced from farming have quietly, often secretly, moved. It is not unlikely to find a farmer or local businessman who is in financial trouble informally ostracized in the community; the fact that this condition may be self-imposed out of pride does not lessen the effect on former social relationships these individuals maintained in the community. Many of these relationships were manifested in supporting roles in community institutions, as church members, social organization supporters, civic group participants, or volunteers in community activities. The loss of this kind of institutional involvement weakens the social fabric that holds communities together and makes them function smoothly and effectively in support of their members.

There are physical effects as well. The weakened political structures and revenue base makes it more difficult to replace the physical infrastructure upon which communities depend for such things as water, waste disposal, and transportation.

Figure 5. Local Revenue Sources For Non-Metro Local Governments Grow in Importance



Source:
U.S. Census of Governments, 1982

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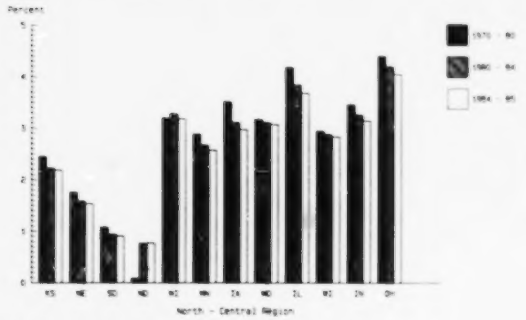
These inter-related effects demonstrate the "open-systems" nature of nonmetro communities. Fifty years ago or less, it was not uncommon for rural community residents to consider themselves largely self-sufficient as an economic, social, and political entity (Dillman, 1985). Local control and a diverse economic base, supported by a variety of economic services and manufacturing facilities, contributed to this feeling of independence from external influences or general national trends. While even then this feeling was largely illusory, today the degree to which nonmetro communities, even the most isolated, are affected by external events is continuous and significant. The notion of developing "trade networks" is perhaps more valid today than ever before, especially if one considers the possibility that in nonmetro areas technology now makes it possible to think of trading networks of small communities each with a specialized niche in a regional economy and integrated with the economies of metropolitan centers in the area. It will be useful to consider the opportunities such a situation offers.

Figure 6: Average Annual Percent Change of Population of Non-Metro Areas by State: For 1970-80, 1980-84, and 1984-85



Source: 1980 Census of Population, Supplementary Reports, U.S. Bureau of the Census, Series PC80-S1-16, Current Pop... series P-25, no. 976.

Rural Community Outlook

Although there are many factors to consider, the following scenario is quite possible. Many of these factors offer opportunities for revitalization strategies.

Population turnaround stagnates.
Current estimates indicate that, with the exception of certain urban fringe areas, the urban to rural migration which surprised many observors in the 1970s has been halted (Figure 6). In fact, with present farm economic difficulties in the North Central region, and without new nonfarm job opportunities, some present rural residents will be moving.

Economic decentralization continues.
For the past several years, American manufacturing and service enterprises have been restructuring, reducing the size of their facilities and relocating many production facilities closer to the consumer. Major manufacturers, like automotive manufacturers, have changed their inventory practices, using a procedure known as "just-in-time scheduling," in which suppliers deliver components only when they are needed on the production line. In other instances, companies have discovered that productivity and efficiency increases when facility size is reduced. Existing large facilities are therefore being reduced in size and new, smaller facilities relocated around the nation.

Increased state competition for relocations.
Expenditures by states and municipalities to support efforts to attract businesses which are relocating has increased significantly and this growth is likely to continue, creating difficult competitive situations for nonmetro areas.

Continued infrastructure deterioration.
Several recent national and state-level studies have documented the need for investment in the nation's roads, bridges, water systems, waste treatment and disposal systems, and other facilities which provide important support to rural quality of life, in order to enable rural communities to attract commercial enterprises. With highly probable decreases in federal support and continuing constraints on state budgets, it is likely that the present status of these facilities will continue to deteriorate. Some observors also point out the "redundancy" of capital facilities in nonmetro areas in such services as hospitals and education.

Public revenue growth slow.
With the reluctance of rural residents to approve new taxes or increase existing tax rates, and the significant decline in the property tax base, the ability of local governments to provide community services will decrease and capital improvements will be further postponed or eliminated from local budgets. For example, agricultural land values in many North Central rural areas have declined 30 to 50% or more from 1979-80 levels, effectively reducing the property tax base (Figure 7). The loss of residents, regional retail center growth, and increased commuting has meant serious reductions in tax revenue from retail sales as well. Further, as Toffler has noted, trends in local fiscal decisions reflect "allocation without representation," as residents are more likely to approve limited, special-use revenue measures rather than general revenue support. When such ballot proposals are often approved by a small minority of the voting public, the likelihood of special interests being the primary beneficiaries is increased.

Figure 7: Percent Change in Avg. Value of Farm Real Estate per Acre, 1981-85

Importance of global economy.
Foreign investment in U.S. companies and financial markets has increased tenfold in the past decade. U.S. manufacturers are moving labor intensive production facilities off-shore to remain competitive. Nearly one-third of American farm production is exported. The U.S. balance of payments deficit has made us a debtor nation in the global economy. These and other factors demonstrate how important are events which occur outside the scope of influence of nonmetro communities and residents.

Leadership transition unsettling.
Scattered data would suggest that a leadership crisis has developed in rural communities. Long-time residents who provided important leadership in the past are growing old and tired, leaving public service. Newcomers, often well educated and energetic, have not always been readily accepted into these positions of influence and authority. The out-migration of younger residents due to lack of economic opportunity has created a leadership vacuum and it is not clear who will be available and able to fill it. Finding candidates for public office at the local level is becoming extremely difficult, especially with recent court decisions regarding personal liability of public officials.

Travel and tourism grows.
With the reduction in the length of the work week, growth in two-income families, and the purchasing power of the growing segment of the population over 55, travel as a leisure activity has become an important component of gross income for many states. The North Central region attracts its share of tourists, primarly to enjoy natural resource-related experiences. Competition among states and such areas will continue and the potential for serious degradation of these resources is increasing.

Entrepreneurial emphasis in America.
Popular, political, and academic observers have commented on the recent "rebirth" of the entrepreneurial spirit among Americans. More people want to work for themselves and the rate of new business formation has grown. New public and private programs focus on ways to support new business creation, in recognition of research findings which show that new businesses, especially small businesses, account for the majority of new jobs created in the economy. The rapid pace of new technology development and the revolution in information technology which supports economic decentralization will continue to provide opportunities in this area for economic growth.

Importance of changing values.
Recent studies of personal and social values have shown a preference for cultural values associated with family-centered lifestyles, spiritual roots, and community, as opposed to the social and personal alienation of mass society or the egocentric tendencies of the 1960s. These are not the traditional expressions of family and community, however, but recognition of more diverse definitions of structural and behavioral cultural attributes. Evidence would indicate these values would probably continue to dominate people's choices for the next ten years.

Key Decisions Facing Rural Communities

Strategies for coping with the situation briefly outlined above are not immediately apparent. Nor is an effective strategy in one location likely to be successful in another. Even a strategy developed in one locale will need to be flexible and adaptive to meet rapidly changing situations. If federal involvement in local development decisions continues to be reduced, opportunities for local control will increase. The need for imaginative, aggressive local leadership is likely to be magnified. A spirit of self-reliance will be necessary to cope with a shift in responsibilities, while recognition of the expanded global context of decision making will influence local decisions in diverse and subtle ways. Access to relevant information and the ability to utilize it to support local decision making processes will become more important, even as the quantity of information available and the technological capability to access it expands. More importantly, the real challenge of the information age—which is characterized by what Patton calls the "trivial pursuit" therapy for information overload—is asking the right questions, and the application of knowledge to problem solving (Michael Q. Patton, "Extension Excellence in the Information Age," 1985). Citizens of nonmetro areas will need assistance in a variety of knowledge areas if their actions aimed at improving local economic and social conditions are to be effective.

It is generally recognized that there are five major strategies for pursuing community economic goals. New tools for making each effective are developed each year. However, the decision regarding which strategy to follow at the local level is often an uninformed decision; even more often it is a decision made without the support of informed involvement by local citizens. The development of such commitment and coordinated effort is critical to successful economic development efforts in local communities because the resources tend to be very limited. Community problems and potential solutions that will require this commitment and coordinated effort include:

Clarification of Community Economic Goals.
Clarification of community economic goals is crucial and must be followed by the development of commitment to such goals. This necessity is illustrated by the present farm crisis in the North Central region, where much public concern has been voiced over the potential loss of many family farms. This concern obviously consists of two elements: concern for the families affected, and concern for the effect of the loss of an economic enterprise in the local economic base. Parallel concerns are voiced in national policy discussions on the changing structure of agriculture. While these two aspects can be treated separately—even selecting one over the other in priority setting—doing so ignores the fundamental interrelationships between the economic base and the human capital resources upon which the economic base is founded. Clarification of and establishment of community goals which effectively address this relationship will be central to future economic viability in most nonmetro communities in the region.

Public Finance Management.
With increasing constraints and demands on local government fiscal resources will come increased needs for efficiency in public finance management. Spending local revenues more effectively, and finding new sources of revenue, will become increasingly difficult. This situation requires application of improved financial management skills and new technologies among the wide variety of local government jurisdictions in the region. In some cases, cooperative efforts to centralize support operations or jointly providing services may be effective means of gaining efficiency and reducing costs.

The Infrastructure Dilemma.
Nowhere will the effects of revenue constraints be more apparent and pressing than in the necessity of maintaining and rebuilding the public infrastructure of nonmetro communities. Present data demonstrate both the needs and costs of this rehabilitation. Without adequate physical facilities nonmetro areas cannot attract the economic enterprises necessary to maintain community economic viability. However, much of the present community resource base will probably have to be mortgaged in order to develop the facilities to attract the businesses which provide increased public revenues to amortize the mortgages. (This will only work, of course, if new business is not granted tax abatements for locating in a new place in the present competitive environment). Application of new technologies may be another method of restoring physical facilities, as well as the development and dissemination of new means of financing such construction.

Product Identification and Marketing.
Many communities today have demonstrated the viability of viewing their locality as a product and developing a marketing plan based on that product identification. Often such product definitions take the form of historical heritage or local celebrations or events, and have been used in national or regional marketing efforts to attract tourists or new commercial locations. This kind of product identification, development, and market penetration should be expanded as part of a larger economic development strategy which might entail such concepts as small business incubators, grouped technologies, or vertically integrated enterprises.

Cooperative Community Networks.
The open-systems nature of communities means that community self-sufficiency is illusory and an unrealistic objective. While nonmetro communities will have to become more self-reliant, mobilizing local resources to successfully develop their economies, doing so in isolation is not likely to be effective. In fact, local communities will have to pay attention to what neighboring communities (competitors) are doing. Present and future technological development provides opportunities for economic development in a cooperative effort among several communities. This network approach is not only likely to be more cost-effective, it is also likely to be more successful, given the nature of present competition.

Institutional Innovation in Communities.
Community residents are frequently finding their social, economic, and political institutions inadequate to deal with contemporary problems. Choosing the most appropriate economic development strategy, developing a cooperative regional approach to economic recovery, or simply managing local government fiscal affairs efficiently requires some sort of structure and process to make the decisions operational. Evidence that conventional institutions are not working is found nearly everywhere, including the tremendous recent increases in the number of "private" jurisdictional units which exist to provide local services (e.g., neighborhood associations), or quasi-public agencies like industrial development authorities, which authorize public

liabilities without public action or review. As Diebold (*Making the Future Work*, 1984) and others have written, much of the history of American democracy lies in invention and experimentation, especially in institutional innovations. American communities need assistance in pursuing these processes if their futures are to be secure.

Cooperative Extension System Response

One of the most important institutional innovations of the 19th century was the development of scientific agriculture and its extension to farmers through the land grant university/agricultural extension service. This innovation succeeded in making American farmers among the most productive on earth and in revolutionizing the labor process involved.

The same sort of organizational commitment which supported the extension institution in this important effort will be necessary if the same process is to effectively address the larger community economic situation presently affecting farmers and other rural residents. Such commitment is necessary because (1) this sort of emphasis requires some organizational change which is likely to be disruptive of the existing pattern of organizational behavior, (2) the commitment will be necessary in the face of real resource limitations, and (3) the focus must be on "locality specific responses" just as it was in the agricultural situation from 1914 to the present.

Cooperative Extension will continue to emphasize its commitment to quality programs which are people-oriented, knowledge-based, problem-focused, and cost-effective. Such quality programs must come from quality people nurtured by the organization to support this effort. Recognizing the diversity of situations and the strengths associated with different individuals, interdisciplinary teams are likely to provide the highest quality program responses.

Increasing community intrapreneurship.
External strategies for community economic development have received considerable attention in past efforts. These strategies, in the national sense, are recognized as a "zero-sum" exercise—what is gained in one community is another community's loss. Additionally, external strategies are largely dependent on locational advantages, which in many North Central states are lacking. The most beneficial and effective strategies for Cooperative Extension to encourage local communities to pursue are those which focus on internal development or intrapreneurship.

Internal development strategies seek ways to halt or slow the leakage of economic resources already available in the local economy. Programs which emphasize new business development, or expansion and retention of existing businesses reflect an intrapreneurial approach. Downtown revitalization programs which build on historical and physical assets are another. These strategies hold major potential benefits for nonmetro areas as a whole, they are transferrable from one locality to another, and they can be implemented without significant costs to other communities. Cooperative Extension will provide the necessary technical and organizational assistance to make internal development strategies effective and practical.

In many rural areas of the North Central region, special emphasis is needed on agriculturally related economic development. Many foodstuffs consumed in rural communities are likely to be imported. Growing those products for local markets is one direct method of increasing farm income and expanding the local economic base. Another approach that may be successful is to "add value" to agricultural raw materials before they are exported. Yet another is to organize alternative marketing and distribution systems which increase economic efficiencies and permit their capture by producers. These internal approaches can be directly related to increasing the profitability of the farm enterprise.

Public policy formation.
Community economic development is a public as well as private issue. Its benefits and impacts are critical public policy considerations. The consequences of economic gains or losses are reflected in social and political aspects of community life. The replacement of a family-owned business by a national franchise changes the degree of control held locally, reduces the multiplier effect, and probably reduces the amount of income paid to employees.

Perhaps the most important public policies will be formulated by state governments. For example, the major source of intergovernmental aid is now state not federal. States play a major role in shaping economic development policies which affect rural communities, and have significant impact on the ability of local government units to meet the demands for public services and maintain an adequate infrastructure. Additionally, policies affecting public finance management in local governments are generally established more by state action than local. Particular emphasis will, therefore, need to take place in the public policy formation arena as well as in public policy education.

Cooperative Extension has a respected history of excellence in public policy education. Its specialists have demonstrated the benefits and costs of various policy options in the public arena as a means of promoting active public participation in the policy making process. Cooperative Extension will provide the research information and analysis necessary to support local, regional, and state policy-making

processes. Existing activities such as statewide surveys, the Iowa and Missouri Farm Polls, and other public information-gathering and policy-analysis efforts should be expanded. Technical specialists also should become better informed about the public policy aspects of technological changes relevant to their areas of expertise so they can participate in the development of public policy programs.

Building family and community infrastructure. The present rural crisis, of which the economic difficulties of individual farms and agribusinesses are a part, have demonstrated once again the necessity of targeting the social institutions beyond the economic enterprise itself. Strong community and family institutions provide critical support mechanisms in times of personal and social stress. Although stress can be constructive, on occasion it is detrimental to social and psychological health. Community and family institutions support and encourage the development of ways of coping with or managing the situation so that detrimental effects are minimized. Often, however, rural populations are woefully ill-equipped to cope with the current crisis.

Cooperative Extension will provide leadership and assistance in promoting and organizing effective and innovative family and community institutions. The institutional building needs vary considerably. Building family strengths through increased communication or increased skill in management of financial and other family resources are important extension activities. Building strong communities requires not only good communications and resource management, but also the mobilization and training of leadership, citizen involvement and commitment, and creative organizational frameworks to support innovation and adaptation. For example, assistance is needed to help ministers and mental health professionals to understand the nature of the present rural crisis and the resulting devastation to the family lifestyle. Help in coping is not sufficient; these stresses are producing radical adaptations in rural lifestyle. Resources other than Extension's are generally scarce, particularly in nonmetro areas, and access is difficult so Cooperative Extension bears an important responsibility and opportunity to demonstrate its effectiveness in this area of program work.

The same holistic, multidisciplinary approach used in devising economic and political strategies should guide efforts to build networks among various existing family support systems in rural communities. Churches, public and private health care agencies, social service agencies, civic groups, and others have all demonstrated constructive abilities in supporting families' physical, psychological, and social needs when stress occurs. Their combined strength is usually greater than their individual strengths, and Extension can play a major role in developing these network relationships.

Holistic, multidisciplinary approaches. In order for communities to solve their economic, social, and political problems they must take responsibility for their own structures and processes. Selecting the most appropriate economic development strategy(ies) requires the analysis of economic, demographic, and other types of information. Development of innovative institutions which serve as a vehicle for planning, decision making, and implementation requires an understanding of various social and political aspects of the community, as well as the open systems nature of the local community and its external influences. The critical role for extension and research is to provide relevant data bases and analytical tools to assist in economic development as well as the management of other aspects of community change.

Cooperative Extension must use a holistic or systems approach reflective of the diversity of each community situation existing in the region. (e.g., see Lloyd D. Bender, "The Effect of Trends in Economic Structures on Population Change in Rural Areas," 1982). Such an approach is perhaps best managed on a multidisciplinary basis utilizing knowledge from several different areas. In many cases this kind of approach may be aided significantly by computer programs; in fact, artificial intelligence systems may represent the next important computer application in support of community decision-making efforts. These efforts must recognize that there is no "solution" to the problems, but rather provide assistance in exploring the range and feasibility of different options.

Enhancing governance capacity. Effective local self-reliant efforts cannot be accomplished without constructive public-private partnerships in the establishment of institutions which have the capacity to make effective decisions and mobilize resources. Local government units provide important community leadership and resources for economic development activities. In addition, these units manage the community services responsible for maintaining the quality of life so important to economic development.

Increased Cooperative Extension effort in local government education and assistance will be necessary to insure the long-term success of economic development efforts. Of considerable importance is teaching local officials of municipal, county, or special purpose juristictions how to manage their public fiscal responsibilities effectively and efficiently. This is likely to be only a partial solution to economic problems in many nonmetro locales, however. Increasing understanding of the need for and methods of cooperative approaches to economic development will be an important extension role. Also important will be the development of

jurisdictional capacity to respond effectively to constituent needs and establishment of effective methods of governance which involve constituents in the decision-making process.

Cooperative Extension Service environmental scannning.

When rapid change, situational complexity, and limited resource availability dominate the setting in which Cooperative Extension functions an early warning system is helpful in identifying factors which will affect the future of the organization. Many businesses and universities are establishing "environmental scanning" procedures to serve this function. Some procedures are based on large computerized data bases, while others are based on multi-disciplinary groups whose task is to analyze change individually and jointly, preparing short discussion papers for administrative consideration (Hearn and Heydinger, "Scanning the University's External Environment," 1985). Such information is extremely useful in positioning the organization to take advantage of future changes. The North Central region wields considerable influence in national extension policy, making sensitive and accurate environmental assessments necessary in support of future leadership activities. While the diversity which exists in the North Central region is great and locality-specific program activities will be necessary to effectively address community problems, for the purposes of environmental scanning such diversity is effectively dealt with by a diverse group membership in which participants bring a variety of perspectives to the situation.

Methodologies to Assist Rural Communities

The programs and activities listed below should serve as examples of the Extension response. More important, however, will be the commitment to a *spirit* of experimentation and discovery in extension organizations which rewards, supports and encourages a developmental approach to meeting local needs.

Intrapreneurship tools: Many new tools are being developed to support the kind of internal economic development which will benefit communities. Incubators, which combine a physical facility, centrally-provided business services, and technical assistance in one package, is one example. Business visitation and analysis teams to assist existing businesses to solve problems in management, production, inventory control, or engineering is another. Additional tools are needed, however, in order to permit accurate assessment of opportunities for local import substitution and development of value-added enterprises. Increased capacity of Extension personnel to assist in market studies and asset audits, financial instrument packaging, and other areas will be necessary in order to effectively carry out programs addressing community economic development.

Computerized impact analysis: Sometimes the public costs of economic development outweigh the benefits. New jobs in an area can bring increased demands for services. Without reliable estimates of such costs and benefits community leaders will continue to make decisions which in some cases may be detrimental to the futures of their constituents. Many states have developed such analysis tools, although few states in the North Central region are included in this group. The commitment of resources is not insignificant, but the educational impact can be enormous when it is possible to demonstrate the effects on the rest of the community of a decision to abate taxes to a new company for twenty-five years. Cooperative Extension has access to the information and technical skills needed to accomplish this development, along with the reputation and delivery system to make its implementation effective.

Additional computer applications should be explored, including the use of artificial intelligence as an aid to local planning and decision making. These expert systems are capable of teaching the user about the systemic nature of the community. They can also make use of either example-based or rule-based approaches to providing decision support information. Since expert systems are now available for microcomputer use, it seems reasonable to develop relevant applications.

Leadership assistance services: Many nonmetro communities today have the volunteer leadership available to make change work effectively. While these volunteeers have the enthusiasm and commitment, and often useful skills for providing leadership in such situations, they lack know-how in economic development. Cooperative Extension must be ready with a variety of educational services to support local efforts in setting economic development goals, evaluating alternative approaches, decision making and planning, and organizational development. Information bases that provide a means of anticipating future conditions which are probable and desirable are necessary, as are new processes and structures for implementing local planning decisions.

Networking of extension professionals: Cooperative Extension professionals working in community economic development will establish a networking procedure so that resources may be shared and multiplied across state boundaries in the region. The most cost-effective way of accomplishing this is through computer conferencing networks, although opportunities to meet face-to-face significantly expand the utility of indirect networking. Program administrators will establish means of sharing personnel within the region, and assemble a directory of personnel resources to facilitate this effort in a decentralized fashion. The North Central Regional Rural Development Center will serve as the central focus for organizing this effort. In addition, states will direct attention to the need to assist, train, and support Extension staff who are working with families in crisis, since these staff need their own

support systems to cope with stress derived from highly emotional relationships.

Public-Private partnerships: Cooperative Extension will continue its successful efforts to establish community economic development activities as a partnership involving public and private entities. Each sector brings important resources to the effort. Extension personnel are in a unique position in most nonmetro communities to serve as brokers to organize various interest groups around the same objectives. Of particular importance to the future success of economic development activities are the commercial, financial, and local government interests, and intensive efforts by Cooperative Extension will be focused here, at both the local and state levels.

Business development assistance: Cooperative Extension will establish formal working relationships with agencies interested in extending business development assistance such as Small Business Development Centers (SBA sponsored) or the burgeoning number of business incubators being established, many in association with universities. This will permit needed technical assistance to be extended to many more businesses, particularly in nonmetro areas.

Future Impacts

This document has proposed a number of steps which need to be taken in order to effectively respond to the scope and diversity of the current economic situation in the North Central region. If implemented, these steps would contribute in significant and measurable ways to the following future impacts:

- Revitalization of community economies
- Revitalization of "community" in nonmetro areas
- New business development
- Local revenue base(s) solidification
- More efficient use of physical, human, and institutional capital in nonmetro communities
- More multi-community cooperation and planning
- Increased off-farm income opportunities for nonmetro residents
- Development of "can do" community attitudes

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